abrdn Asia Focus plc

A fundamental, high conviction portfolio of well-researched Asian small caps

Performance Data and Analytics to 31 January 2024

Investment objective

The Company aims to maximise total return to shareholders over the long term from a portfolio made up predominantly of quoted smaller companies in the economies of Asia excluding Japan.

The full investment policy is available for download on the Company's website.

Comparative benchmark

With effect from 1 August 2021 the MSCI AC Asia ex Japan Small Cap Index (currency adjusted) has been adopted as the comparative index and performance is also measured against the peer group. Given the Manager's investment style, it is likely that performance will diverge, possibly quite dramatically in either direction, from the comparative index. The Manager seeks to minimise risk by using in depth research and does not see divergence from an index as risk.

Cumulative performance (%)

	as at 31/01/24	1 month	3 months	6 months	1 year	3 years	5 years	Since BM Change 31/7/21
Share Price	258.0p	(3.0)	7.5	(0.2)	1.5	19.2	41.0	5.3
Diluted NAV[A]	302.7p	(3.0)	4.2	(0.9)	3.6	23.1	44.7	5.2
Composite Benchmark		(2.4)	6.1	3.7	8.0	21.1	55.0	6.4

Discrete performance (%)

	31/01/24	31/01/23	31/01/22	31/01/21	31/01/20
Share Price	1.5	1.0	16.4	12.9	4.8
Diluted NAV[A]	3.6	0.9	17.8	13.9	3.2
Composite Benchmark	8.0	(0.8)	13.0	26.1	1.5

Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis.
Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value.
Source: abrdn Investments Limited and Morningstar.
Past performance is not a guide to future results.

[A] Including current year revenue.

Morningstar Rating™

★★★

[B] **Morningstar Rating™ for Funds**
Morningstar rates funds from one to five stars based on how well they've performed (after adjusting for risk and accounting for all sales charges) in comparison to similar funds.

Kepler GROWTH RATING

Ten largest equity holdings (%)

Park Systems	Korea	4.4
Bank OCBC Nisp	Indonesia	4.4
AKR Corp	Indonesia	3.7
Cyient	India	3.6
FPT Corp	Vietnam	3.4
Aegis Logistics	India	3.1
John Keells	Sri Lanka	3.0
Prestige Estates Projects	India	2.9
Mega Lifesciences	Thailand	2.8
Taiwan Union Technology	Taiwan	2.7
Total		**34.0**

Country allocation (%)

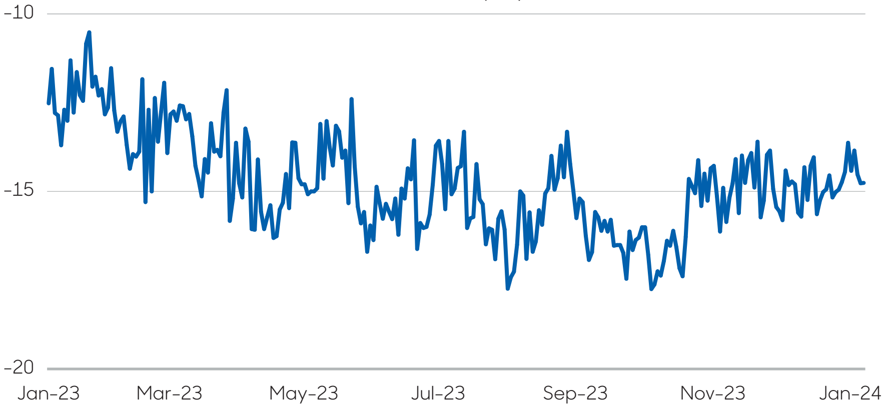
	Trust	MSCI AC Asia ex Japan Small Cap Index	Month's market change
India	19.1	33.0	5.9
Indonesia	11.8	2.2	(5.7)
Taiwan	11.1	26.4	(2.3)
China	10.0	7.6	(15.2)
Korea	6.9	14.7	(8.9)
Malaysia	6.3	2.9	2.8
Vietnam	6.0	–	–
Thailand	5.7	3.6	(7.2)
Philippines	4.4	0.9	3.6
Hong Kong	3.2	3.5	(10.0)
Singapore	3.1	5.0	(3.6)
Sri Lanka	3.0	–	–
United Kingdom	2.5	–	–
Denmark	1.6	–	–
New Zealand	1.4	–	–
Myanmar	0.5	–	–
Cash	3.4	–	–
Total	**100.0**	**100.0**	

MSCI AC Asia ex Japan Small Cap. Month's market change represents the individual country returns calculated using the MSCI Index series (£). Market change is Total Return in GBP. Index may not add up to 100 due to rounding. Source: abrdn Investments Limited and MSCI.

All sources (unless indicated): abrdn: 31 January 2024.

abrdn Asia Focus plc

1 Year Premium/Discount Chart (%)



Fund managers' report

Market review

Asian small caps began the new year on a weak note, mainly due to economic concerns and geopolitical tensions. Expectations that the US Federal Reserve (Fed) will soon begin to cut rates receded as Fed chairman Jay Powell indicated that the long-awaited easing of US monetary policy may start later than hoped. The benchmark MSCI AC Asia Ex Japan Small Cap Index returned -2.39% in sterling terms, while the Trust marginally underperformed the benchmark.

Small caps in China and Hong Kong were among the worst performers, owing to prevailing consumer and property concerns, and newsflow around more US trade curbs on China's biotech and tech sectors. South Korea also underperformed as weak demand and slowing growth in electric vehicles weighed on the industrials and materials sectors. India, however, bucked the regional decline amid local investor buying. Shares in the Philippines advanced as recent data showed robust growth in gross domestic product.

In January, sectors that detracted from relative performance included our exposure to the information technology (IT), consumer discretionary and industrials sectors. In IT, at a stock level, Singapore-based semiconductor equipment maker Aem Holdings' stock came under pressure when management disclosed an inventory shortfall, negatively affecting full-year earnings. Shares of India-based engineering company Cyient also declined after a strong run due to slightly weaker- than- expected quarterly results. Weakness within the consumer discretionary sector was driven by Zhejiang Shuanghuan Driveline, the auto gear maker in China. The company delivered decent results but was caught up in the small cap sell-off in China during the month. Another significant detractor was Taiwan's leading e-commerce operator Momo.com. In industrials, shares of Taiwan-headquartered Sporton International, which provides testing and certification services, also fell prior to the release of earnings in early February.

On the other hand, in terms of sectors, consumer staples, energy, healthcare and real estate all boosted performance. India-based Prestige Estates was the leading

Fund managers' report continues overleaf

[C] Expressed as a percentage of average daily net assets for the year ended 31 July 2023. The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Company. It is made up of the Annual Management Fee and other charges. It does not include any costs associated with buying shares in the Company or the cost of buying and selling stocks within the Company. The Ongoing Charges figure can help you compare the annual operating expenses of different Companies.
[D] with effect from 1 August 2021, 0.85% per annum for the first £250 million of the Company's market capitalisation, 0.6% per annum for the next £500 million, and 0.5% per annum for market capitalisation of £750 million and above, based on the closing Ordinary share price quoted on the London Stock Exchange multiplied by the number of Ordinary Shares in issue (excluding those held in treasury), valued monthly.
[E] Calculated using the Company's publicly announced target dividend yield of 6.4p for the year ending 31 July 2022 and month end share price.
[F] Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.
[G] The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

Total number of investments	60

Fund risk statistics

	3 Years	5 Years
Annualised Standard Deviation of Fund	11.69	14.93
Beta	0.88	0.87
Sharpe Ratio	0.49	0.41
Annualised Tracking Error	4.08	5.25
Annualised Information Ratio	0.30	(0.27)
R-Squared	0.90	0.89

Source: abrdn & Factset.
Basis: Total Return, Gross of Fees, GBP.
Please note that risk analytics figures are calculated on gross returns whereas the performance figures are based on net asset value(NAV) returns. In addition, the risk analytics figures lag the performance figures by a month.

Key information Calendar

Year end	31 July
Accounts published	October
Annual General Meeting	December
Dividends paid	March, June, September, December
Launch date	October 1995
Fund managers	Flavia Cheong, Gabriel Sacks, Xin-Yao Ng,
Ongoing charges[C]	0.92%
Annual management fee[D]	0.85% Market Cap (tiered)
Premium/(Discount) with debt at fair value	(14.8)%
Yield[E]	3.4%
Net gearing with debt at par[F]	10.3%
Active share[G]	97.5%

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

abrdn Asia Focus plc

Fund managers' report – continued

contributor to relative returns. We believe it is well positioned as a quality operator in the Indian property space. Shares of downstream oil and gas company Aegis Logistics and financial services firm KFin Technologies, a proxy for the broader market strength in India, also advanced. Elsewhere in Indonesia, stock selection helped relative performance. Logistics and supply chain company AKR Corporindo, a main player in industrial fuel, was the main contributor to relative returns.

In key portfolio activity, we initiated a new holding in Military Commercial Joint Stock Bank (MBB), which is one of the leading banks in Vietnam in terms of market share in loans and deposits as well as asset size. We regard MBB to be well managed with its prudent culture stemming from its military background, but dynamic enough to capitalise on opportunities. The bank enjoys a key competitive edge in its funding cost because of its quasi-state-owned enterprise nature. Over the short term, the property crisis in Vietnam has led to broad weakness in domestic banks on concerns over the pressure on return on equity, and we capitalised on the opportunity to buy into MBB at an attractive valuation, given that we consider MBB as having the quality attributes to survive and grow from this crisis. We also bought shares in Aptus Value Housing Finance, an affordable housing company with a strong foothold in South India. We believe the industry has opportunity for growth and Aptus has robust metrics relative to its peers in terms of asset quality, loan yields and return ratios. Management are conservative and have kept a strong balance sheet throughout its history.

Outlook

Cautious optimism is taking root in Asian equities after a difficult 2023. The Fed's pivot from tightening to loosening will likely be positive for Asian assets and economies and this is happening alongside a turn in the Asian technology cycle, as the sector comes out of its trough.

The near-term outlook in China remains challenging but we are seeing some signs of stabilisation and green shoots of recovery, aided by incremental policy support. Yet, outside of China, growth in Asia has been more resilient, particularly India, where the economy is in the early stages of a cyclical upswing. Although valuations of domestic equities are relatively high, they are well anchored by solid corporate fundamentals and resilient earnings prospects in a world of lacklustre growth.

In 2024, investors will also continue to pay close attention to geopolitical developments. It is also an active year for elections, with polls in Indonesia in February and India in April in the region. Judging from survey results thus far, it looks like policy continuity across Asia. In November, the US presidential election could also affect sentiment globally.

At the portfolio level, we remain focused on ensuring that our conviction is appropriately reflected in our positioning. We continue to believe that quality companies with solid balance sheets and sustainable earnings prospects will emerge stronger in tough times. Over the longer term, we see the most attractive opportunities around some key structural themes in Asia. Rising affluence is spurring growth in premium consumption in areas including financial services, while urbanisation and an infrastructure boom are set to benefit property developers and mortgage providers. Growing technology adoption and integration means a bright future for plays on gaming, internet, fintech and tech services like the cloud, with Asia's tech supply chains well positioned for the rollout of 5G, big data and digital interconnectivity. In healthcare, Asia is home to a diverse range of companies leading advancements in biotech and medical device technology. The region is also in the driver's seat when it comes to the green transition with plays on renewable energy, batteries, electric vehicles, related infrastructure and environmental management all having a bright future.

The risks outlined overleaf relating to gearing, emerging markets, small companies and exchange rate movements are particularly relevant to this trust but should be read in conjunction with all warnings and comments given.

Important information overleaf

Assets/Debt (£m)

Gross Assets	532.4
Debt (CULS + bank loan)	66.2
Cash & cash equivalents	18.0

Capital structure as at 31 July 2022[H]

Ordinary shares	154,443,669
Treasury shares	54,267,090
Convertible Unsecured Loan Stock 2025 (CULS) at nominal value	£36,605,647

Allocation of management fees and finance costs

Capital	75%
Revenue	25%

Trading details

Reuters/Epic/Bloomberg code	AAS
ISIN Code	GB00BMF19B58
Sedol code	BMF19B5
Stockbrokers	Panmure Gordon
Market makers	SETSmm

Factsheet

Receive the factsheet by email as soon as it is available by registering at
www.abrdn.com/trustupdates
www.asia-focus.co.uk

Contact

Private investors
trusts@abrdn.com

Institutional Investors
InvestmentTrustInvestorRelations-UK@abrdn.com

Ben Heatley
Head of Closed End Fund Sales
Ben.Heatley@abrdn.com

Important information

Risk factors you should consider prior to investing:

- The value of investments, and the income from them, can go down as well as up and investors may get back less than the amount invested.
- Past performance is not a guide to future results.
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years.
- The Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that any movement in the value of the company's assets will result in a magnified movement in the NAV.
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- The Company invests in smaller companies which are likely to carry a higher degree of risk than larger companies.
- Movements in exchange rates will impact on both the level of income received and the capital value of your investment.
- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of the Company's shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen.
- The Company invests in emerging markets which tend to be more volatile than mature markets and the value of your investment could move sharply up or down.
- Specialist funds which invest in small markets or sectors of industry are likely to be more volatile than more diversified trusts.
- Yields are estimated figures and may fluctuate, there are no guarantees that future dividends will match or exceed historic dividends and certain investors may be subject to further tax on dividends.

Other important information:

An investment trust should be considered only as part of a balanced portfolio. The information contained in this document should not be considered as an offer, solicitation or investment recommendation to deal in the shares of any securities or financial instruments. It is not intended for distribution or use by any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited. Nothing herein constitutes investment, legal, tax or other advice and is not to be relied upon in making an investment or other decision. No recommendation is made, positive or otherwise, regarding individual securities mentioned. This is not an invitation to subscribe for shares and is by way of information only. Investment should only be following a review of the current Key Information Document (KID) and pre-investment disclosure document (PIDD) both of which are available on www.invtrusts.co.uk. Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates. * abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis, should not be taken as an indication or guarantee of any future performance analysis forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI" Parties) expressly disclaims all warranties (including without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages (www.msci.com).

Issued by abrdn Fund Managers Limited, registered in England and Wales (740118) at 280 Bishopsgate, London, EC2M 4AG, authorised and regulated by the Financial Conduct Authority in the UK.

For more information visit abrdn.com/trusts